



**Mkhambathini
Municipality**
For the Community

**MKHAMBATHINI
MUNICIPALITY
ANNUAL BUDGET
2011/2012 – 2013/2014**

BUDGET STATEMENT

1. INTRODUCTION

The Mkhambathini Municipality entered the 2011/12 budget of the municipality with many challenges to be met – not least of which were those on the financial front.

Our municipality is facing challenges relating to the provision of services to all its communities. The 2011 – 2014 medium term budgets will ensure that the municipality stays on track and delivers with even greater urgency to address the needs of the community.

A key requirement for economic success of the Mkhambathini municipality will not only be the public investment made by the municipality in strategic infrastructure, but also how the private sector and the community react through complementary investments. Our growth strategy seeks not only to increase the growth rate of the Makhambathini Municipality but also to translate this economic growth into job creation and other economic opportunities including youth development.

The total budget for the year 2011/12 amount to R52.5m increasing to R54.2m in 2013/14. In terms of the capital program, service delivery is the main focus in to address the backlogs.

All the initiatives and programs included in this medium – term budget can only be sustained if sound financial management and principles are applied in the compilation of the budget. The 2011/12 medium – term budget has been compiled through an intensive planning process that will include a consultation process with communities.

2. STRATEGIC OVERVIEW

BACKGROUND

Mkhambathini Local Municipality, was established in terms of Section 155 (1) (b) of the Constitution of the Republic of South Africa (1996) following the 2000 local government elections. It is one of the seven (7) category B municipalities comprising Umgungundlovu District Municipality. Thus it shares municipality executive and legislative authority with Umgungundlovu District Municipality. The other local municipalities comprising Umgungundlovu District Municipality are Mpofana, Msunduzi, Richmond, Mshwathi, uMngeni and Mpendle Local Municipalities.

Location

Mkhambathini Local Municipality is located along the south-eastern boundary of Umgungundlovu District Municipality and adjoins Richmond and Msunduzi Local Municipalities to the west, Mshwathi Local Municipality to the north and Durban/eThekweni Metropolitan area to the east. It covers an area of approximately 917km² and is the second smallest municipality within Umgungundlovu District Municipality after Mpendle Local Municipality.

Vision

‘By the year 2020 Mkhambathini Municipality will be a sustainable developmental municipality with improved quality of life for its entire people in arrears of basic services, social, economic and environmental development’

Mission

Mkhambathini Municipality commits itself to the following mission statement in pursuit of the above – outlined vision and development agenda generally.

Strategic focus areas

Our IDP presents the outline of the following set of complex development priorities facing the municipality that needs to be addressed both in the shorter and long term:

- The issue of HIV / AIDS and other diseases
- The issue of Rural Development
- Water and Sanitation
- Electricity

- Management of community and public facilities such as community halls, crèches, etc.
- Monitor the implementation of land reform Programme
- Facilitate the provision of safety security
- Reduction of housing backlog within municipality
- Address the needs of the Youth and Gender

3. BUDGET PROCESS OVERVIEW

Background

The adoption of the 2011/2012 medium-term budget for the Mkhambathini Municipality will lay the foundation by which strategic functions within the municipality could apply sound financial planning and management over the medium to long term. It will facilitate the critical alignment of planning, budgeting and sustainable service delivery in line with Mkhambathini's vision.

3.1 Consultative Process – Outcomes

Section 23 (2) of the MFMA stipulates that, "After considering all budget submissions, the Council must give the Mayor an opportunity –

- a) to respond to the submissions
- b) if necessary, to revise the budget and table amendments for consideration by the council"

The municipality has made consultation with the Community through all seven Ward Committees, and reviewed by the new Council in place.

The tabling of this draft budget in Council on 25 March 2011 will be followed by extensive publication of the budget documentation and various public participation and community consultative meetings will be held to receive submissions from stakeholder formations.

The final budget will therefore represent a refined and amended version of the tabled budget taking into consideration, where possible, submissions and representations during community consultative process.

3.2 Alignment with National and Provincial Priorities

"I refer to our commitment to ensure that no household is denied the simple dignity associated with basic water, sanitation and energy supplies."

In order to ensure integrated and focused service delivery between all spheres of government it is important for Mkhambathini Municipality to align its budget priorities with that of National and Provincial government.

NATIONAL PRIORITIES

- Strengthening education, Public Health Services and Social Welfare services.
- Strengthening of infrastructure and service delivery (basic services)
- Rural Development and Reform
- Creation of decent work

PROVINCIAL PRIORITIES

- Improving the quality of education
- Strengthening of Health and Social Services.
- Increasing Basic Services delivery
- Alleviating poverty and encouraging empowerment
- Creation of decent work
- Rural development and land reform

The Municipality should align its budget with the above National and Provincial priorities

3.3 Political Oversight of the Budget process

Political oversight of the budget process is essential to ensure that: -

- the political executive is responsible for policy and prioritization
- policy priorities are linked to departmental spending plans and the delivery of quality services.

Schedule of key deadlines relating to budget process

The budget time schedule for the compilation of the draft 2011/2012 medium-term budget was approved by Council. The following provides an extract of the key deadlines relating to the budget process:

Publication of annual budget and public hearings on the budget and council debates	April 2011
Submit final IDP report to council	April 2011
The AO submit to the Mayor not later than one day after the approval of the budget a draft of the SDBIP and annual performance agreements as required by the S57 of MSA	June 2011
Submission of approved budget to NT	May 2011

3.4 Link between the IDP and the budget

As outlined earlier, in compliance with the Municipal Structures Act (1998) and Municipal Financial Management Act (2003) our municipal budget is informed and aligned to the IDP.

The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not ensure that our IDP outcomes are achieved but also to ensure that our municipality's vision is realized.

More importantly, the Performance Management System (PMS) (which are currently establishing) will allow the municipality an opportunity to monitor and evaluate individual and organizational performance in meeting our IDP outcomes and vision.

4. BUDGET ASSUMPTIONS

Operating Budget

- | | | | | | |
|--|--------------------|------------------------|---------------------------|-----|-----|
| a) Income | Average
2011/12 | Projections
2012/13 | | | |
| <ul style="list-style-type: none"> - Rates and Service Charges <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Average yearly collection</td> <td style="width: 20%; text-align: center;">85%</td> <td style="width: 30%; text-align: center;">90%</td> </tr> </table> - Rates Rantage for 2011/2012 <p style="margin-left: 40px;">We propose a 6% increase on Property Rate and the phasing in will be at 25% this financial year.</p> <p style="margin-left: 40px;">With the implementation of the new Property Rates Act the rates will be payable on monthly basis by the end of the month starting from August 2011. This stand to reason that the payment for 2011/12 will be payable over 11 months, starting from August 2011 to June 2012</p> | | | Average yearly collection | 85% | 90% |
| Average yearly collection | 85% | 90% | | | |
| b) Other Income | | | | | |
| <ul style="list-style-type: none"> - These have been estimated. | | | | | |
| c) Expenditure | | | | | |
| i) Salaries and Allowances | | | | | |
| <p>Permanent employees</p> <p>A 8% increase has been budgeted for Salaries, when one comparing 2010/2011 to 2011/2012 proposed salaries it reflect the increase 13.8%(refer Table SA22) because of new post that has been created and 9 contracts converted to permanent positions. The reason for budgeting 8% on salaries instead of 6.08% as per guide is to carter for Job Evaluation in case the unions and SALGA reach agreements during the financial year.</p> | | | | | |

Costs have been calculated where possible. Various figures have been supplied by the departmental heads.

d) Repairs and Maintenance

These costs have been estimated. This should be aligned with the Capital Budget.

Capital Projects Estimates

These are based from the meetings with the Ward Committees from all seven (7) Wards.

These estimates have been aligned to councils Integrated Development Plan, as the Municipality is currently reviewing the IDP.

NB : Excluded in capital budget estimate is the water and sanitation projects which is budgeted for by Umgungundlovu District for the 2011/2012 Budget.

Renewal of Assets

In future the municipality will consider the budget for the renewal of assets. At least 40% of the capital budget.

Final date of payments

That the date for final payment of rates for the period 2011/12 be 30 June 2012.

Excess Expenditure

That, having regard to the need to avoid deficit on the Operating Account of the Budget, and in view of the requirements of the MFMA as well as National Treasury Control concerning Operating and Capital Expenditure, Municipal Manager, all four Heads of Departments be directed to administer the votes under their control, so to avoid any excess expenditure on individual items, and to report immediately to the Municipal Manager if any urgent need should arise to incur expenditure in excess of any provisions and to ensure that the matter is considered via an adjustment budget report as required by the MFMA prior expenditure being incurred.

Included in operating expenditure is the amount of R7 million for the electrification project of 752 households during the financial year which is funded by DOE and the project will be handed over to Eskom on completion.

New Vacant posts

The municipality will create three new post, freeze two post and upgrade one post.

That no new or vacant posts be filled without the authority of the Municipal Manager and other relevant committees.